

# Washington State Auditor's Office

## Audit Report

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### Central Puget Sound Regional Transit Authority (Sound Transit) King County

Audit Period  
January 1, 2000 through December 31, 2000

Report No. 62653

Issue Date  
**September 28, 2001**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag

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# Federal Summary

## **Sound Transit King County January 1, 2000 through December 31, 2000**

The results of our audit of Sound Transit are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

- We issued an unqualified opinion on the Transit's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the Transit.
- We issued an unqualified opinion on the Transit's compliance with requirements applicable to its major federal programs.
- We reported no findings, which are required to be disclosed under OMB Circular A-133.
- The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$1,466,511.
- The Transit did not qualify as a low-risk auditee under OMB Circular A-133.
- The following were major programs during the period under audit:

| <u>CFDA No.</u> | <u>Program Title</u>  |
|-----------------|---|
| 20.500          | Federal Transit Administration Capital Improvement Grants                         |
| 20.507          | Federal Transit Administration Operating and Capital Assistance<br>Formula Grants |
| 20.205          | Federal Transit Administration Highway Planning and Construction                  |

# Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

**Sound Transit  
King County  
January 1, 2000 through December 31, 2000**

Board of Directors  
Sound Transit  
Seattle, Washington

We have audited the financial statements of the Sound Transit, King County, Washington, as of and for the year ended December 31, 2000, and have issued our report thereon dated July 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## **COMPLIANCE**

As part of obtaining reasonable assurance about whether the Transit's financial statements are free of material misstatements, we performed tests of the Transit's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

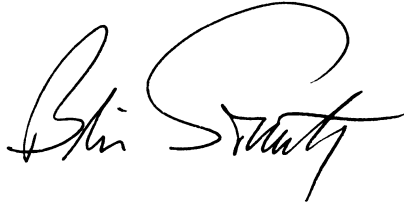
The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Transit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2001

# Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**Sound Transit  
King County  
January 1, 2000 through December 31, 2000**

Board of Directors  
Sound Transit  
Seattle, Washington

## **COMPLIANCE**

We have audited the compliance of the Sound Transit, King County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The Transit's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Transit's management. Our responsibility is to express an opinion on the Transit's compliance based on our audit.

We conducted our audit in compliance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the Transit's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Transit's compliance with those requirements.

In our opinion, the Transit complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

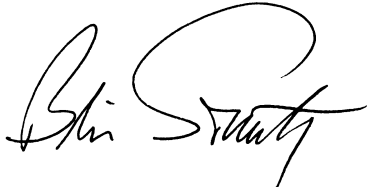
## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Transit is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Transit's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low

level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2001

# Independent Auditor's Report on Financial Statements

## **Sound Transit King County January 1, 2000 through December 31, 2000**

Board of Directors  
Sound Transit  
Seattle, Washington

We have audited the accompanying financial statements of the Sound Transit, King County, Washington, as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Transit's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

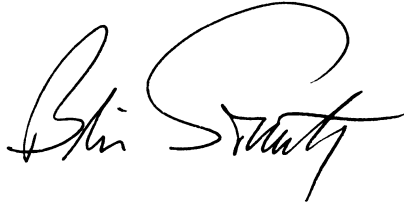
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sound Transit as of December 31, 2000 and 1999, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2001, on our consideration of the Transit's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local*



*Governments, and Non-Profit Organizations.* This schedule is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a large, stylized "S" at the end.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2001

# Financial Statements

**Sound Transit  
King County  
January 1, 2000 through December 31, 2000**

## ***GENERAL PURPOSE FINANCIAL STATEMENTS***

Balance Sheets – 2000 and 1999  
Statements of Operations – 2000 and 1999  
Statements of Changes in Equity – 2000 and 1999  
Statements of Cash Flows – 2000 and 1999  
Notes to Financial Statements – 2000 and 1999

## ***ADDITIONAL INFORMATION***

Schedule of Expenditures of Federal Awards – 2000